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The Values and Dangers of Employment Testing[1]

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IN THE rapid development of industrial technology, the problem of an improved selection of employees for specific occupations ranks high in interest, and out of this interest there should come marked advance. Today, we are concerned with the values—and the dangers—of employment testing. Let us not forget, however, that our discussion of the values of employment testing rests first upon the assumption that it occupies only a small niche in the personnel program of any industrial or business firm. If we try to place all the responsibility for the maintenance of a good working force on one instrument, we are going to be disappointed. Testing, to be successful, must be integrated with good interviewing, good job analysis, good training, good supervision, good personnel evaluation, and with opportunities for personal progress and growth in the organization as a whole.

Second, let us assume when we speak of the values of a testing program, that we mean a good program, based upon a careful investigation of the factors which influence success or failure in any occupation. These may be factors of skill, of education, or of the basic ability to acquire education or skill, or they may be factors of attitude, or of the whole group of responses of an individual which we call personality. Any good testing program must be based on a realization that these factors influence success in different degrees in different occupations, and that some of them are roughly measurable, and some are not.

VALUES OF SOUND TESTING TECHNIQUES

Some of the values of a sound program of employment testing are so well known to you that they may be considered self-evident. In the first place, it has been demonstrated in a number of firms that with a good testing program we can improve the selection of new employees, in the sense that we can raise the proportion of workers who do not fail in the occupation. We can apply the same procedure to the selection of present employees for promotion, and raise the proportion of promoted employees who do not fail in the higher occupation. Not only this, we can also select new employees who will be capable of promotion when the time comes, in greater proportion to the total number originally hired, than without the aid of tests.

This is not the only sense, however, in which the selections made by the aid of tests may be said to be improved. By and large we can select people who are able to learn the new occupation more quickly than before, and because of this they are more flexible, within a given range of occupations, than those whom we have employed in the past. It is important for purposes of understudy and transfer, therefore, to start with employees who have been selected with the aid of tests.

Fortunately, to accomplish this, it is not necessary to exclude a very large proportion of the applicants who would otherwise have been chosen for these particular occupations, in order to get these values. This is an important and practical consideration, and worth a brief amplification.

Dangers of Expecting Infallibility

There is no likelihood that we shall ever find a test for any occupation which separates all the successful people from all the unsuccessful ones. There are always some who score low who would succeed, and some who score high who fail. We cannot expect a clear-cut division. In one industrial occupation, about thirty-five per cent of the applicants who originally would have

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been accepted, are now being rejected, but the proportion of unsatisfactory employees in the group rejected was eighty per cent, whereas the proportion of unsatisfactory employees in the larger accepted group is less than ten per cent. Hiring without the aid of tests had for some years selected only sixty per cent satisfactory workers in this occupation, while forty per cent were unsatisfactory. The applicants now rejected for this occupation are considered for other occupations, and many of them can be placed.

Job Analysis

Another value to be realized in developing a good testing program, is that the very investigation carried out in validating the tests helps to determine the qualities that make for success in the occupation, and thus sharpens job analysis. We learn to know more about the job itself, what the real requirements are, not what we imagine them to be, when we record the percentages of success and failure, year after year, in relation to test scores.

Promotion as a Result of Tests

It is also possible, and almost inevitable, as a result of investigations done on tests, to clarify and solidify company plans for the promotion of specific types of employees. Thus at present many of the eyelet machine operators, and operators of other relatively simple machines in one organization, are young men who are going to be apprentices for a higher type of mechanical work. The company knows it, and they do. Their present foremen are pleased to have these employees, even though they will remain in the present job only eight or nine months, because their ability and morale are excellent. The boys are pleased because they are working, instead of waiting for their turn in the apprentice course, and they know that they are secure. The company gains, because the apprentice when he goes into the apprentice room, has already had several months of operating experience.

Similarly, and to an even more intensive degree, the plans for promotion and future growth of these young men after they have finished the four years of apprentice work, have been made explicit. This, I believe, is due not only to the present strong interest in training, but also to the fact that with tests and careful interviewing together, it is possible to make the selections, in the first place, with a high percentage of accuracy.

Guidance through Testing

Related to this value is the guidance that testing makes it possible for us to give to individual employees toward improving their abilities by seeking further instruction outside the plant. This occurs in connection with clerical work, chiefly, and the improvement sought is in the field of skills. A young employee who is shown by the tests to have the basic abilities necessary for competent clerical work, whose ambition is to do typing, stenography, or comptometer work, but whose scores in those skills are not up to the standards set, can be encouraged to improve in them. Such encouragement implies an opportunity for subsequent promotion. If an employer gives it to persons who do not possess general ability for clerical work, he is holding out false hopes. With untested employees, the practice is hazardous, and many firms have preferred never to give such advice, lest the employee prove unpromotable for other reasons after they have spent time and money improving the specific skill. When test scores have established the basic abilities of the employee, however, such guidance is not only safe, but very valuable, both to the employee and to the firm.

Job Adjustment through Testing

Another value of a good testing program is that it aids in the occupational adjustment of individuals who were hired before the testing program was developed. Manifestly, it is not good procedure to dislodge the older employees who are doing good work, merely on the basis of an unsatisfactory test score. That would be a serious misuse of tests. When maladjustments of any sort arise, however, it is useful to give the employee the established tests for the occupation. It frequently happens that a person who lacks ability for a given job gives the impression of lack of interest, or even of wilful lack of cooperation. He is classified by his supervisor as a disciplinary case, and a type of correction is attempted which increases the difficulty, and may result in discharge. Recognition of the lack of ability for the type of work which has been expected of the employee leads to a change in the allotment of work, or at least, if termination is necessary, it is without dishonor. On the other hand, if the test indicates that the employee does possess sufficient ability for the occupation, this very fact clarifies the issue and furnishes the personnel representative or the supervisor with a sound and encouraging basis on which to give the employee some insight into his problem of adjustment.

Simplifying the Protege Problem

One value of a good testing program in all occupations where test scores can be applied rigidly, is that it helps to counteract the pressures exerted on the employment office by friends and relatives of hopeful but unanalyzed applicants. Any of you who are in employment work know how great that pressure is even today, creating a very real problem for the interviewer, both of tact and of time. The pressure comes from all sides, from inside the plant, and from outside, from foremen, office workers, watchmen, sweepers, and truckmen, from ministers, social service workers, banks, and lawyers. There is even a rather humorous slant to it, for some super-

visors, foremen, and office department heads measure part of their own prestige in terms of the number of people whom they can get into the employ of the company. "Smith can get people in, why can't I? I cannot tolerate having any less power than Smith in the matter of getting my friends and relatives into the employ of this company!"

On an entirely impersonal and truthful basis one can say, "We will be glad to do anything we can for your nephew or protege, provided he passes the test for the particular occupation in which he is interested." If the number of applicants who qualify is greater than the number of openings, part of the problem remains, but the dangerous part of it, the majority of the proteges who would not succeed in the occupation if hired, is eliminated without personal affront to the sponsors.

Values to the Applicant

On the side of the applicant, many of these values sum up to justice for him. Testing is much more objective, much less dependent upon personal impression or opinion, than interviewing. It is done under the same conditions for all applicants, and it uncovers abilities, as well as weaknesses, which the interviewer cannot see. Thus it gives to the person who does not make a good impression but does have ability, a chance to prove himself in another way. That it also protects the interviewer from the error of hiring a person who makes a good impression but does not have the desired ability is in the end valuable to the individual too, since if the test standards are properly established, his chance in the job would not be that of succeeding, but that of failing.

Attracting Good Applicants

Finally, a consideration which is certainly very important at the present time: testing for employment definitely attracts good applicants, and this is one of the unexpected results of a testing program. It is particularly true of the younger, inexperienced applicants, for whom, after all, the program is most needed by the firm. When the program has become an integral part of the employment office procedure, more applicants come asking to be given the tests, than were previously available. Consequently, of those who qualify on the tests for any given occupation, there are, in usual times, enough to give room for a final selection on the basis of interviewing.

Dangers in a Testing Program

There remains now the question of the dangers in a testing program. I have no desire to make this instrument seem too difficult, technical, or expensive for business use, but I am convinced that a seriously improper use of tests, due to a lack of knowledge of the principles involved, lack of training in the giving of tests, or lack of sufficient investigation of the relationship of test scores to success or failure in specific occupations, can cause sufficient injustice to individuals to merit social criticism. More concretely, it wastes the money put into it, for it fails to accomplish its purpose, alters the character of the group of employees upon whom experimentation should be based, and delays the installation of a sound procedure.

Limited Groundwork

At the present time there is a tremendous temptation to cut short the necessary groundwork for a good program of testing. In business, under the pressure of time, we are accustomed to making decisions on the basis of the best information available to us with a limited amount of investigation, therefore the mistakes that may be made under the present compulsions will be very sincere, but they will be mistakes, none the less.

Frankly, we should not expect to be able to decide at our desks, which tests will be valid for the selection of employees in a given occupation, or what the passing scores should be. Human beings are too complex, the science of testing them is too young, for so simple a method of decision.

With respect to this complexity of people, I remember being very much discouraged at one time, for I felt that no other science had anything comparable to my problem. At that time I attended a series of lectures on metallurgy, presented in the simplest terms possible, for persons who, like myself, knew very little chemistry, but felt that some knowledge of the field would help them as members of an organization working chiefly in metal. I carried away very little explicit information on the metallurgy of brass and bronze alloys, but I was much cheered about the complexity of human beings. These alloys differ markedly in all their useful qualities, not only according to the proportions of the various metals that are combined in them, but also according to the order in which they are brought together, the temperatures at which they are brought together, the rate at which they are cooled, and so on. For any prediction which could possibly lead to the invention of a new alloy of specific physical properties, it is necessary to build up complicated charts and tables from innumerable observations under experimental conditions. This is laborious, but it can be done. Can we expect that the measurement of human abilities, habits, and temperaments would require less observation than the habits of metals?

Danger of Eliminating Good Candidates

Here are some of the dangers of a poorly planned program of tests used in the selection of employees. First of all, there is the unnecessary loss of good candidates. If the tests are wrongly chosen, or even if the tests are

rightly chosen but the passing scores are set too high, this may be a serious loss. Not only does it deprive us of too many individual candidates who might become assets to our organization, but it will lead to such discredit of the whole testing program that we shall not be able to maintain it.

This is not an idle threat. During the process of test investigation, while observations are being made and statistics gathered, it is possible to weigh all the factors that one's skill in testing, or the present development of the science will permit, and to draw one's conclusions from a large number of scores; but after the program is installed for the selection of employees, its value is judged, inevitably, on individual cases as well as on percentages. It is very important to be sure in advance that the majority of persons rejected through the tests would not succeed in the occupation.

Selection of Proper People to Administer Tests

A third danger is that if the persons administering the tests are not properly chosen and trained, they will not handle the people who are being tested in the right way, and they will waste all the time and money that is put into the testing. Although the techniques required can be taught to persons who are not psychologists, some one must know them in order to teach them. To summarize these techniques: one must know how to secure the confidence and fullest possible cooperation of each person who is being tested, to allay nervousness and fear, to give all explanations clearly and fully, to watch for chance emotional upsets, to encourage constantly, and yet to time accurately, and never to give more aid to one individual than to another. Seriously imperfect testing will result, unless these principles are absorbed into easy habit.

Reasons for Simple Tests

Those who are considering the installation of test programs should avoid the danger of misjudging the value of a test because it looks like a kindergarten exercise. There are reasons for the simplifications. More questions can be asked in a given time if the answers do not involve writing, hence the check-mark or underlining system of response. Moreover, a time-limited test which requires much writing measures the individual's speed of writing as much as it measures anything else, yet speed of writing is rarely a factor of success in an industrial occupation. Pictures and geometrical figures are used for portions of the tests because some persons reason better in graphical material than they do with words, and they may be the very people who perform certain industrial tasks better. Thus it goes. The simplification of test material is the product of a careful and painstaking development, which should be understood by those who are planning a test program. If without such knowledge they by any chance decide to devise their own tests, again money will be thrown away.

Trial-and-Error Method

The fourth and final danger is the assumption that it is easier and less expensive to start by actually using some test in the selection of employees, and to improve upon it as time goes on, than to make an investigation prior to the use of any tests in actual selection. In metallurgy this is done, of course, but in metallurgy the laboratory is separate from the factory. The material for experimentation is in the laboratory, and not affected by anything that happens elsewhere. On the other hand, in employment testing, the laboratory is the factory. As soon as we begin selecting employees by test, we alter the basis of our investigation. If the first program is soundly established, then a second program can be built upon it, but the second test series cannot be substituted for the first, unless the whole investigation is started over again on the basis of employees selected by interview only. If this is not done, the first test will continue to underlie the second one. It is economical, therefore, both in time and money, to be sure of the value of the first test.

Need for New Investigations

Some of these dangers will decrease as time goes on. As more investigating is done in more organizations, and the results become available, we will have more opportunity to pick up the work of one industry or business, and apply it to a new one. A few joint investigations are now in progress, which will determine for certain occupations whether or not the programs found acceptable in one organization are equally valid in another. In general, we have not yet reached the stage of knowing this, and new investigations are necessary. However, in view of the values that are available to us by means of such investigations, the difficulties serve as a challenge.

Industrial Justice and the Labor Union

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IT HAS been truly said that a typical American industrial leader is invariably an individualist. It may be said with equal truth that our typical industrial employee is likewise an individualist. Both dislike taking arbitrary orders either from each other or from government. Neither at heart nor by temperament do they enjoy the imposition of too many laws or too much discipline.

Realizing this, some factory managements have for years devoted much effort and expense toward ensuring that even-handed justice be dispensed to each individual employee. Even though their employees organized themselves into strong labor unions having the legal right to collectively demand such treatment, these managements still continued to regard their men as personages of importance—not merely as brass checks or as hired labor units.

In such cases, where the workingman's right to be treated as an individual personage was justly recognized, labor difficulties of any kind have seldom been experienced.

For a number of years we have seen much unrest among working people. At a time when jobs are all too few, strikes have been many. The resulting loss of money to employers, as well as to employees, has been more than either could afford under existing conditions.

When we contemplate the generally good working conditions and high wages of American Industry, it is difficult to understand how such a state of affairs can exist.

While many of us believe that labor agitators and organizers have often and unjustifiably caused much of this unrest, I seriously question if we can rightly put all the blame upon them.

We must remember that we are now dealing with a far better educated and better informed group of employees than our fathers dealt with. It may be that this unrest is due, in large part, to the fact that our modern employee is not content to be regarded as a commodity to the same extent as in the past.

In addition to good working conditions and good wages, perhaps he now wants something more. That something may be a more definite recognition of himself and his rights as an individual of some importance. If this is so, and I suspect it is, surely there are no great difficulties involved in giving him just what he wants and there seems to be no good reason for denying it to him.

Perhaps we have arrived at a time in our industrial development requiring examination of our human relations in more abstract fashion than has been our custom. Much has been written in support of such an examination and action has already been inaugurated in numerous instances.

I have noticed much intolerance exhibited in discussions of the labor question and have been interested in attempting to discover the real reason for such an attitude.

One the one hand is management either owning or representing ownership of every property right involved in the factory and responsible for profitable operation. On the other hand are the employees enjoying no property rights whatever inside the gates, but filled with a burning desire to hold and improve their jobs so that they and their dependents may live and prosper according to their just deserts.

Both management and employees are members of the same civil and industrial communities. In their civil community, they and their fathers for generations have lived under a code of purely democratic law. Their lives are ordered in accordance with community customs, perhaps just as compelling as laws, and equally democratic. One of the distinguishing features of these democratic laws and customs is their refusal to tolerate special privilege of any kind for anybody.

Because of the nature of its property rights, management possesses the privilege of exercising complete authority within its factories. It can govern its realm on principles of uniform justice or tolerate special privilege. Such authority may well be greater than even the best of men are competent to administer with unfailing justice at all times and under all conditions. The absence of any such checks and balances as are invariably imposed by statute on the administrators of our civil authority would seem to justify such a suspicion. Perhaps, therefore, wise management voluntarily should impose reasonable checks and balances upon itself as a matter of principle. When such checks are imposed by statute, much misunderstanding, if not actual controversy, may be provoked, as appears to have been the case with the National Labor Relations Act.

Since I have spent my working life with a large manufacturing corporation and, for many years, have managed one of its factories employing several thousand people engaged in nearly every type of craftsmanship, my experiences with this somewhat elusive subject of industrial relations have suggested the observations that follow.

Discipline

It has been said that man is not by nature a social-minded creature, but has adopted social behavior because his superior intelligence showed him it was to his advantage to do so. Presumably, therefore, the first banding together of human beings into tribes took place. For protection, armies probably came into being at about the same time. Then came the necessity for discipline of the strictest kind. Without strict dicipline in an army, we are neither apt to kill our enemy nor allow ourselves to be killed at the most advantageous moment.

Armies had been a well-established custom for countless generations when organized industry first appeared about a hundred years ago. In effect, this called for the raising of a new kind of army. When our forefathers found it necessary to recruit these new armies, they probably assumed, despite their democratic leanings, that the kind of discipline long found necessary by military organizations should also be the proper and acceptable kind in their factory organizations. Furthermore, the idea seems to have been a persistent one, and, during my lifetime, has shown evidence of being considered vital to efficient organization in many American factories.

Our industrial organization derives its existence largely from one motive—to make a profit. Our military organization derives its existence, likewise, from a single motive—to protect the state. Although the rigid discipline of our military services is not repugnant to us because we recognize the necessity for it, we do not now seem to accept any such necessity when it comes to our industrial organization. We probably sense that the maintenance of the state for all of us justifies a sacrifice of personal freedom to an extent that the making of a profit by some of us may not justify. Collective action that would be classed as mutiny of the first order in our Army or Navy is now sanctioned by statute in the case of our industry. My experience leads me to believe that such a condition is not only right and proper, but also entirely consistent with our democratic customs and not necessarily detrimental to factory efficiency.

Labor Unions

Nearly all men welcome wise and just leadership. Since management either owns or represents ownership of the factory, providing everything necessary to operation except labor itself, it seems natural that employees should first look to it for the quality of leadership they deserve. They do not always get the high quality from management that they want, however. When labor finds such leaders turning out to be false prophets, it seeks different and better ones. At that point, union organizers are always ready to step in. A greater or lesser degree of turmoil usually results with perhaps trouble and sometimes tragedy for both management and men. On the other hand, we see numerous instances of well-managed shops peacefully organizing with mutually beneficial results.

If collective bargaining—and that means the labor union—is desirable, then discipline in the strict military sense is neither desirable nor a practical possibility in our factories.

From my experience with large groups of workingmen—and it has been an altogether happy experience—I would rather operate a large factory with honest labor unionism present than without it.

From the record of their dealings with each other, it appears that the prospect of a labor union's being honest is about as good as the prospect of a management's being honest. In the long run, neither will have a monopoly of virtue. However, a management that is upright and enlightened may feel confident that its men will follow its example. If unions are present, they must be composed of these same men. The conduct of the union must eventually be acceptable to its members. Sooner or later it will conduct itself as they wish.

At the moment, many union locals, as well as many managements, have much to do toward putting their house in order. I am sanguine both will eventually find it expedient to do so, judging from the record of those that have already proved their ability to accomplish such a condition.

While the die-hards, both of management and unionism, will doubtless continue to die hard, there are many managements that have come to realize there is a statute behind the labor side that, even though amended, will probably be a lasting one. Some of the latter have tried the rather novel experiment of cooperating with unions and without their tongues in their cheeks. Where union leaders are enlightened, and we now see many that are, such an experience is apt to be a happy one. In the future, it may well become the accepted practice just as, in the past, the opposite was usually the case.

Let us briefly examine why this should be and thereby try to understand how such a reversal may probably be the most natural course for management to follow in a democractic community such as ours.

In our civil community which has made successful progress for the past 150 years, the individual's rights are jealously protected by the law of the land. Our Constitution guarantees that such be the case through its first ten amendments—our Bill of Rights. From infancy we are taught to respect the individual's rights as well as his person. Such is our democratic heritage. Such is Democracy itself.

When our individual acquires one of the most precious things obtainable—a job—and enters the gates of a large factory, he passes from this civil community into an industrial one. While his civil rights as a citizen

are still protected, he soon finds that his rights as an employee are largely ethical and their quality dependent upon the character of the management employing him, whose property rights are complete.

Necessarily and quite properly, he is subjected to a good deal of discipline not experienced in civil life. Sometimes this may be of the drill sergeant type. If he is fortunate, the discipline will be of a more intelligent type and not stricter than the exigencies of the job simply and naturally impose. There is no law against either type. However, as has been well said, few men cheat at cards even though there is no law against it.

In any event the National Labor Relations Act guarantees our industrial employee the right to join an organization of his fellows—a labor union—and to bargain collectively, under the Act, with his management for such things as he may desire and that management may grant him.

Whether or not he and his fellows elect to join such an organization is their own business—not management's. Their judgment in the matter is probably better than management's anyway. I have found unions distinctly helpful as an aid to management in discouraging petty tyrannies, favoritisms and disregard of proper consideration toward grievances either real or fancied.

Factory supervisors, from the manager himself down to his last assistant wield an authority that is alarmingly absolute. Each will dispense a surer quality of justice is there is some means available by which his power may, on occasion, be checked and his judgment balanced.

Because of solicitude for the security of his job, a lone employee rarely questions the authority or judgment of his boss. However, if the active interest of a union representative is available, reticence seems to disappear. The result generally is that either the power of the boss is properly checked or his judgment properly balanced. In any event, a thorough understanding of the whys and wherefores is brought about and, usually, everybody is satisfied.

We must remember that, to an individual, a fancied grievance is just as important as a real one. We must also remember that a busy supervisor will sometimes, perhaps unintentionally, ignore employees' troubles because he feels them to be petty or even fancied. If, however, he knows that an alert union steward will be appealed to and promptly do his duty, the same supervisor will ignore none of the ethical rights of his men, provided he possesses such intelligence as entitles him to a supervisory job. Such a process seems to discourage unethical privilege and upholds the democratic principle, to which all of us are accustomed, at no great sacrifice on anybody's part.

This brief article attempts to deal with the Labor Union question only as experienced within the individual factory itself, where only one or a few union locals may be involved. The question of the international unions themselves, with all their ramifications, political and otherwise, is beyond the writer's present scope. Suffice it to say that their influence, whether it be political, financial or of some other variety, will, in all probability, be subject to the will of their membership and the public, tempered by the quality of leadership displayed.

Such must be the history of any large organization of men in a free country such as ours. No special interest can long conduct itself in a manner deterimental to the best interest of the general public, be it either a great corporation or a great international union. Enlightened leadership always becomes aware of that fact and will not long persevere in any such effort. Where checks and balances are necessary, they will eventually be provided either voluntarily or by statute.

Principle versus Expediency

For years it has been my privilege to have had close association with working people and to have dealt with them on many subjects. At the risk of appearing over-sentimental toward old associates, I must nevertheless assert that the general decency, reasonableness and intelligence of our American workmen is as nearly beyond reproach as are such qualities in any large group of people anywhere. They can't be fooled and we shouldn't attempt such folly as to try it. They will fight—blindly sometimes, and they shouldn't have to fight their managements. Give them but half an explanation and they'll give you back full measure and more besides. Before such a condition can be realized, however, management must itself conform to a proper code of ethics toward its people. It must discipline itself to stand by that code at all times, never ignoring the democratic tradition to which we are born and bred and which must, therefore, deeply affect the thought and impulse of all employees.

In this particular connection, management has, perhaps, dealt with the hopes and demands of its people too much on a basis of expediency—too little on a basis of principle. We so eternally drive ourselves to accomplish that which is desired mechanically that we often fail even to consider what simple principle should be followed in dealing with this most important consideration.

Should we now feel it wise to search for such a principle, let us first remember that the modus operandi of our body politic is based on recognition and protection of the rights of the individual. Such is our democratic process. Perhaps, then, we may conclude that a proper principle upon which to conduct ourselves is that of "Justice to each individual employee."

Some may consider such a very simple principle

hardly worthy of the respect my experience has taught me to attach to it. It seems that mankind is often likely to overlook or even scorn the simplest and best things merely because they are so simple. Such appears to have been the case even in the days of Naaman, Captain of the host of the King of Syria, about whom we read in the Old Testament. Naaman was a great man and a successful general, but he was a leper. Hearing there was a prophet in Samaria who could cure him, he journeyed there and came to the prophet Elisha. Elisha told him simply to wash himself in the River Jordan that he might be cured. This was entirely too simple a process for Naaman and he went away in a rage, declaring there were just as good rivers to wash in at home. But his people said to him, "My father, if the prophet had bid thee do some great thing, wouldest thou not have done it? How much rather then, when he saith to thee, 'Wash, and be clean.' " So Naaman washed himself in the Jordan, "and his flesh came again like unto the flesh of a little child, and he was clean."

I fear a policy of expediency does not answer today. It seems to encourage in us too much sham and smartness; too little simple direct dealing, easily understandable; the kind of dealing that leaves our minds fresh and clear even as was Naaman's flesh after his simple bath in the Jordan. Basing our reasoning and actions on the principle of justice to each individual employee is a horse of another color and I can recommend it.

Principle and Practice

But, it is easy to deal in high-sounding phrases; another matter to live up to them. Therefore, let us consider how we can effectually adhere to this principle in practice, granted we have decided upon its adoption in ordering our relations with employees.

Assuming reasonably safe and adequate working quarters and equipment, we will perhaps agree that our men are most interested in three things:—job security, wages, opportunity for advancement. Without indulging in exact detail, it is a fact that complete techniques are available for determining the proper evaluation of all jobs on the scale between the simplest and the most highly skilled; excellent methods have been developed for determining the correct market price for any type of craftsmanship in any community at any time; employee rating techniques have also been developed through which it is not difficult to determine which individuals should be laid off or rehired strictly in accordance with their individual seniority, ability, etc.; in like manner, those individuals who first deserve an opportunity for advancement are readily ascertainable. Is it really possible to deal justly with each employee in the absence of some such practices?

In the past we have, perhaps, been too prone to leave these three vital matters generally in the hands of our foremen. We know that these men alone, able and honest though they may be, cannot possibly carry out such assignments with the exactitude their importance merits in addition to their many other duties. Therefore, the development of the techniques, particularly in large factories, is purely a job for specialists. After they have done the development work, the foreman will find difficulty enough in making proper application, even with the constant aid of the specialists whom we know as planners, time study men, personnel men, etc.

Perhaps the simplest of these tasks is to periodically survey existing community wage rates. A good man can be relied upon adequately to obtain the necessary data after the first few surveys. When it comes to developing a job evaluation technique with all the charts and formulas incident thereto, or the development of an individual ability rating procedure with its varying conceptions of standards, we must assume that we face a job extending over several years.

The proper introduction of these procedures does not only involve their development and application, since that is probably the simplest part of the process. They must be well understood not only by the supervisory force but also by the men themselves. If they fail to understand and have faith in them, the whole endeavor becomes of questionable value, particularly since considerable expense is involved. We must learn to constantly explain and discuss, and demonstrate and explain again. We must satisfy ourselves that these quite complicated procedures are thoroughly intelligible to the many employees affected by them.

Earnest union interest can be helpful in guaranteeing the complete integrity of much of this work, particularly as regards ability ratings.

Practical Results

To the uninitiated, it may seem that our simple principle has led us into some expensive and bothersome complications. On the other hand, it should be borne in mind that all of this has been successfully accomplished during the ten years—1929-1939, in a factory employing several thousand men and women, turning out a thoroughly complicated product in great variety and operating on a consistently profitable basis. During this period nearly every known type of labor union has had membership in the plant, relations between employees and management have been uniformly cordial and no labor trouble of any kind has threatened, although the plant is located in an area that has experienced its full share of such trouble during this time. Several other large plants owned by the same corporation have had a similar happy experience during the same period.

Conclusion

In conclusion, it seems that during the present generation times have changed to such an extent that we must revise some of our ideas. We should think of labor, not so much as a commodity that may, on occasion, be dragooned, but rather as composed of individual human beings to whom we owe clear explanation of our actions and policies. We must contrive to govern our industrial community with its self-made code of ethics more nearly along the general lines of our civil community with its democratic ideals and customs.

Irrespective of the fact that we have no choice in the matter, because of the existing statute, we should sincerely concede the right of employees to self-organization. Some of us have already found that the existence of honestly conducted unions may well be an aid to shop efficiency rather than a detriment.

Human relations in industry are of such paramount importance and of such elusive nature that dealing with them on a basis of expediency alone is probably an inadequate and often a dangerous procedure. If we are fortunate enough to have gained some clear understanding of those simple things that guide the hearts and minds of our men, we may properly select a simple principle for our guidance in resolving many of our problems. All men crave justice. The unit that our national tradition, as well as the State itself, is based upon is the individual. Therefore, the principle of "Justice to each individual employee" seems to recommend itself.

With such a principle realized in practice, we truly recognize our employees' rights as individuals of importance. Therefore, we may confidently depend on them, both in their hearts and by their actions, to acknowledge that mutuality of interest with management so vital to the successful progress of industrial enterprise in our democratic commonwealth.

Questions and Answers

An important function of the Management Research Division is to focus the information gathered in its many studies on particular problems confronting associated companies. The Division's services are constantly at the disposal of executives in these companies. Inquiries are, of course, answered promptly by mail, but some questions and answers believed to be of general interest are reproduced from time to time in this section of the Management Record.

Question: In summarizing the results of our semi-annual employee ratings by departments, we have noticed that certain foremen have a tendency to be liberal with everybody they rate; that is, there is a concentration of ratings at the upper end of the scale. What is a good procedure to follow in order to correct this tendency?

Answer: This is often referred to as a "halo rating," which means that a given foreman may feel that his employees are all pretty good. Psychologists claim that the distribution of ratings for all the employees in a given department or plant should approach what is statistically known as a "normal distribution." If this theory is accepted as a guiding rule, then a concentration at the upper end of the rating scale is obviously in error. The distribution of ratings in each department of a plant can be charted and shown to all the foremen who have done the rating. When compared with other department ratings, some foreman may request the privilege of re-rating his employees.

Question: What steps are companies taking to prepare their office organization for the possibility that many of their young men in advanced, complex or key positions will be called for compulsory military training service?

Answer: Some companies with large office staffs are already preparing themselves for the possibility of temporarily losing parts of their male personnel. By analyzing the functions of men between the ages of 21 and 31 years, these companies have made plans to divide the complex functions of one position into simple divisions—two, three or four—and train a less advanced employee for each division of the work. In some instances the special analyses are complete and training has begun with present employees to prepare them for these subdivisions when the necessity arises.

It is the intention of these companies to hire new juniors to fill the gaps created by this shifting of personnel. Normal turnover during a period of a year is expected to assimilate these new people into the organization on a permanent basis.

Question: Will the company or the applicant pay the cost of physical examinations for new truck drivers under the Interstate Commerce Commission ruling affecting private motor carriers, effective October 1, 1940?

Answer: The I.C.C. ruling does not cover this point. A survey made in Metropolitan New York indicates that companies now requiring physical examinations under their own medical supervision will continue their past policy, requiring the doctor to file an I.C.C. form in addition to company forms. Firms without a medical policy at present are still undecided about their future policy. In one or two union contracts the responsibility for physical examinations and their cost is placed on the employer.

Under this ruling it is probable that unions, in negotiating for contract renewals, will demand the inclusion of a provision requiring the company to assume the entire cost of initial and periodic examinations.

Reviews of Books on Management

Time and Motion Study

Motion and Time Study, by Ralph M. Barnes (Second Edition). New York: John Wiley and Sons, Inc. 1940. 390 pages. $3.75.

Favorable acceptance of the first edition of this book, published in 1937, led to the enlargement of certain of its features in the second edition, including additional illustrative material. Summarized results of research studies conducted in the Industrial Engineering Laboratory at the University of Iowa have been incorporated in the text. This book recommends the decimal minute stop-watch and the continuous method of recording stop-watch readings.

The first eleven chapters are devoted to the definition, history and application of motion study, together with discussion of process and operation analysis, definition and use of "therbligs," making of motion pictures and film analysis and allowance for fatigue of workers. Chapters 12, 13 and 14 are devoted to principles of motion economy as related to the human body, work place and design of tools and equipment. Chapters 15 to 19 inclusive consist of a discussion of standardization of job conditions, relation of time standards to wage incentives, technique of making the stop-watch study, methods of rating the operator's skill and effort, and the determination of time standards from elemental time data and formulas.

In chapters 20 to 23 inclusive, useful time data are given on a number of operations such as gear hobbing, soldering side seams on cans, tool and die making, and assembly of electrical household appliances. The final chapter gives examples of the use of motion pictures and still pictures in training operators in industrial plants in the United States and England. At the end of the book are eight pages of problems that may be used in classes, and a bibliography of 94 items.

Time Study for Cost Control, By Phil Carroll, Jr. New York: McGraw-Hill Book Company, Inc. 1938. 305 pages. $3.00.

Although the title of this book emphasizes cost control as a major objective underlying time-study work, the book actually covers a much wider scope. The entire technique of time study is dealt with in a style that recommends it as a book for classes of foremen and engineers as well as for time-study trainees.

Chapters 1, 3, 4, 5, 17, 19, 20, 21 and 22 contain fundamental information for formulating policies relating to time-study and wage-incentive practices. Chapter 1 emphasizes the value of time-study work as a training ground for executive material. Chapter 3 outlines ten characteristics of a successful wage-incentive plan and discusses the need for executive backing. Chapter 4 outlines the characteristics of a good time-study man. Chapter 5 discusses the relation of the standards department to other functions in the organization. Chapter 17 shows how standardizing operation specifications helps in coping with a continuous stream of methods changes. Chapter 19 recommends that a printed pamphlet containing a full explanation of the time standards and wage incentives be distributed by management to workers, and the final three chapters, deal with the proper level of premium earnings, and maintenance of standards and stable labor cost.

Chapters 2, 6, 7, 9, 10, 11, and 13 deal largely with time-study technique. The operator's skill and effort are appraised and leveling of recorded time-study readings discussed in chapters 6 and 11, while chapters 7, 9 and 10 outline the entire procedure of making a time study; a summary of all these steps is given in chapter 10. A recommendation is made in chapter 13 that set-up standards be established separate from standards on regular operations in order to avoid burying set-up costs.

The use of the decimal minute stop-watch for time study is recommended, and the snap-back method of recording watch readings.

Chapters 8, 12, 14, 16 and 18 discuss the establishment of time standards from tables, curves and charts compiled from time studies and designated as standard data. The advantages of the standard data method are compared with the slower and apparently less consistent methods of either making a separate time study for each new standard established or by estimating. It is recommended that the supporting information should be written to assure continuity of the program in spite of personnel changes.

Applied Time and Motion Study, by Walter G. Holmes. New York: The Ronald Press Company. 1938. 335 pages. $3.75.

Fundamental principles that might form the basis for discussion in any study group, as a preliminary to more advanced work, are presented in the first six chapters of this book.

Chapter 7, dealing with qualifications and equipment of the time-study analyst, is important in connection with hiring new men for time-study work. The author recommends using a decimal minute stop-watch, but compromises between the continuous and snap-back methods of recording watch readings by recommending the continuous method where the elements are very short and the snap-back method where they are fairly long.

Chapters 8 through 11 deal with time-study technique, and point out a number of advantages of record-

ing time values in decimal minutes, as well as the pros and cons of the snap-back method of recording watch readings. Leveling of time values and time-study allowances are also discussed.

The next seven chapters are devoted to motion study. Chapter 12 defines and discusses twenty-four "therbligs." In chapters 13 and 14 the subject of body member movements is discussed in detail, and a chart shows time values for all basic movements. Determined from a thousand or more observations made by the author, each value has been used in practice sufficiently to establish its credibility. A novel method is also presented of timing intervals shorter than .01 minutes by using the principle of falling bodies as a time-measuring device.

The final four chapters present information on the process chart, the motion chart, motion analysis and on the general use of motion pictures.

TIME AND MOTION STUDY AND FORMULAS FOR WAGE INCENTIVES, by Stewart M. Lowry, Harold B. Maynard, and G. J. Stegemerten (Third Edition). New York: McGraw-Hill Book Company, Inc. 1940. 432 pages. $5.00.

The first edition of this book, published in 1927, has been used in training time-study engineers in many companies. In the present edition the material relating to the study of methods has been greatly expanded. The authors consider the two terms "methods-engineer" and "time-study man" as interchangeable.

The first twenty-three of the book's thirty-five chapters are devoted to time and motion study, and the final twelve deal with wage-incentive formulas, their construction and application. New formulas are introduced for panel-mounting and for engine-lathe operations.

Chapters 1, 2 and 3 outline the economic necessity for measurement of labor, the aims, fundamentals and development of time study, and the qualifications required of a successful time-study man.

Chapters 4, 6, and 13 to 23 inclusive, discuss time-study technique, describing in detail operation analysis, time-study equipment, observations, appraising operator skill and effort, leveling watch readings, allowances for fatigue and delay, and the use of standard data in setting standards. An outline of distinguishing characteristics of various levels of operator skill and effort is presented in chapters 16 and 17. Recommending the use of the decimal hour stop-watch, the book presents a number of arguments in favor of the continuous method of recording stop-watch readings.

Chapter 5, a new chapter in this edition, describes six different types of process charts. Chapters 7 through 11, also new chapters, present five laws and eight corollaries of motion economy, together with detailed discussion of characteristics of motions, the use of the motion picture camera, and film analysis.

Part II, including chapters 24 through 35, takes up the subject of formulas as related to time standards.

PRIMER OF TIME STUDY, by F. W. Shumard. New York: McGraw-Hill Book Company, Inc. 1940. 519 pages. $5.00.

This time-study book has twenty-three chapters of text material, with a set of questions and answers following each one, and a twenty-fourth chapter consisting of ten "final examination" problems.

Chapters 23 and 1 discuss the organizing of a time-study department and outline twenty-four desired qualifications of a good time-study man. It is pointed out that the time-study man's limit of error should be restricted to 5%.

Detailed consideration is given in chapter 2 to proper handling of a stop-watch. The author points out that after the continuous method of recording stop-watch readings had been given a thorough test in many plants, it was discarded in favor of the snap-back method.

Chapter 3 presents thirteen pages of slide-rule information, including a number of practice problems.

Most of the remaining chapters are devoted to detailed consideration of time-study technique, including rating of operator skill and effort, rest factors, and application of time standards to inspection operations.

EMPLOYEE SECURITY

DISMISSAL COMPENSATION, by Everett D. Hawkins. Princeton: Princeton University Press, 1940. 390 pages. $4.00.

Dismissal compensation plans have never been widely accepted by American industry. Mr. Hawkins, in his comprehensive study on the subject, found over five hundred plans to have been in operation at one time or another. Many offered little more than wages in lieu of notice, while others were merely informal arrangements, or had been adopted to meet a particular situation. In all, 101 formal plans containing standard procedures have been surveyed in this book.

Some of the more important conclusions reached by Mr. Hawkins regarding voluntary dismissal wage plans adopted by American industry are: (1) Only large firms with relatively low wage costs and little price competition can afford to pay compensation in addition to social security taxes. (2) As social security laws become stabilized an increasing number of companies may arrange dismissal payments to supplement unemployment insurance and to assist older employees before they become eligible for old age insurance. (3) Organizations not covered by unemployment compensation will face greater employee pressure for some protection. (4) With the increasing strength of unionism, a number of company plans may become parts of collective agreements.

In addition to an analysis of voluntary company plans, this publication includes chapters on trade union dismissal compensation plans, voluntary plans in foreign countries, and foreign and domestic legislation. The final chapter summarizes and compares the various types of experience and relates the problem of dismissal compensation to technological unemployment. Of special interest, in view of war conditions, is the section in which Mr. Hawkins discusses the value of a dismissal compensation program when employment decreases from a wartime peak.

STABILIZING JOBS AND WAGES, by Herman Feldman. New York: Harper & Brothers, 1940. 334 pages. $3.50.

The achievement of employment stabilization, as Professor Feldman remarks, usually represents the crowning synthesis of a wide variety of methods, applied piecemeal to numerous phases of a particular business, and differently in different plants. Because of the many conditions to be coordinated, the fundamental requirement of regularization is the close cooperation of the highest management and all other supervisory groups.

The general measures utilized to stabilize employment are excellently presented in this study. They cover the broad fields of distribution, production planning and control of labor. The book brings into focus the many significant trends and new developments which have emerged since Professor Feldman published his first study on the subject fifteen years ago.

About half of the book is devoted to the major labor policies involved in the handling of problems of providing job security. One chapter discusses the various experiments attempted by individual companies to guarantee wage earners an income for a year or for shorter periods. Another chapter is devoted to the pros and cons of experience rating under the state unemployment compensation laws, and employers' experience under these provisions, especially in Wisconsin.

SOCIAL SECURITY PAYROLL TAXES, by Ralph T. Compton. New York: Commerce Clearing House, Inc., 1940. 446 pages. $5.00.

Social security taxation has greatly complicated the problem of business management. The purpose of this book is to serve as a guide to the rules by which these payroll taxes are administered and to indicate methods by which their cost to the taxpayer may be minimized.

It contains a detailed discussion of the principal provisions of the Social Security Act and the state unemployment compensation laws. A considerable portion of the book is devoted to the subject of experience rating and various measures for stabilizing employment.

PROFIT SHARING AND PENSION PLANS, by C. Morton Winslow and K. Raymond Clark. New York: Commerce Clearing House, 1939. 192 pages. $2.00.

The purpose of this book is to aid in the creation of pension and profit sharing plans. It utilizes much of the profit sharing material gathered by the United States Senate Committee on Profit Sharing, sponsored by Senator Vandenberg. It gives summaries of profit sharing plans in diversified industries and illustrations of the various types. The chief value of the book is the complete analysis of authoritative material dealing with the effect of federal tax laws upon such plans. The study is divided into two parts; the first discusses the practical application of profit sharing and tax economies possible; the purpose of the second part is to review federal tax provisions relating to pensions, profit sharing, stock bonus plans and employees' trusts.

Notes on Personnel Administration

Group Insurance in 1940

All forms of group insurance protection reached new highs in 1940, according to statistics recently released. Group life insurance coverage increased $1,225,000,000 during 1940, carrying the total to a new record of $16,000,000,000.

Protection was provided for many thousands of workers against the financial hazards of accidents, illness, and old-age dependency under other coverages. The total insurance coverage for 1940 was: group health and accident, $550,000 in weekly payments; hospital expense, $440,000; surgical benefits, $14,000,000 in maximum reimbursements; accidental death and dismemberment, $90,000,000 in lump sum payments; group annuities, $1,450,000 in annual retirement income at maturity of the contracts.

Twenty-five Years of Credit Union Service

Since its inception in 1915, the Neponset Credit Union of the employees of Bird and Son has become of steadily increasing importance in teaching the habit of thrift and in offering its members an inexpensive method of borrowing. During the past ten years the assets have more than doubled, and now amount to $307,000. On its shares, which are valued at $157,000, the credit union pays an annual dividend of 5%, and on savings deposits, which increased from $10,000 in 1920 to $115,000 in 1940, interest of 2% compounded quarterly

is paid on amounts up to $250. There are over 2,000 deposit accounts at present.

One of the most valuable services rendered by the credit union is the loaning of small amounts of cash at low rates of interest. Members of the Neponset Credit Union in good standing can borrow up to $100 in their own names, without security, at an interest rate of 5% per year. If the loan is secured, the rate is reduced to 2½% per year.

A recent survey was made to determine the purposes for which loans were made. It was found that the largest single item was for doctors' and hospital expenses—19% of the total. Next in line were real estate loans, which constituted 17%. Then, in order, came household bills, 12%; automobiles, 7%; fuel, 6%; taxes, 5%; insurance premiums,4%; clothing, 4%; education, 2%; miscellaneous items that did not fit into any other classification, 24%. In all, $693,676 has been loaned by the credit union during its existence.

In addition to its regular business, the credit union also handles the accounts of the savings bank life insurance, serves as the agency for purchasing coal and oil at reduced prices, handles the payroll deductions of the Hospitalization Plan and the purchase of shares in local cooperative banks.

Inspection on Incentive

Final inspection of steel balls at the Hoover Ball and Bearing Company, Ann Arbor, Michigan, has been on a piece rate basis of wage payment for ten years. The result has been apparent in better quality of inspection, higher output per inspector and increased earnings by the inspectors.

Piece rates are established for each size and grade of ball. Twenty women are required at present to do this job and two re-inspectors on a straight-time payment, make a sample check inspection of every 50-pound batch completed by the twenty inspectors.

Chronology of Events Affecting Labor Relations
January 11 to February 10

January

14 *Mediator Gets Tough*—Departing from precedent, Federal Mediator James Dewey issues ultimatum to employees of Eaton Manufacturing Company demanding return to work pending settlement of labor disputes. Authority for ultimatum said to be National Defense Commission.

Drastic Anti-Sabotage Bill Introduced—A bill introduced in New York Legislature makes syndicalism and sabotage a crime and the advocating or teaching of such doctrines felonies punishable by a prison term of ten years or by a fine of $5,000, or both.

15 *Teamsters' Union Sued for Strike*—United States Trucking Corporation files suit for $100,000 against International Brotherhood of Teamsters (A.F.L.) for a strike said to be in contravention of a clause in union agreement, because the union ordered a strike after first refusing to submit dispute to arbitration by both parties. Cause of difficulty said to be refusal of union to require driver accused of being in five accidents to submit to eye test.

17 *Striking Not to Alter Draft Classification*—Selective Service System announces that draft law will not be used to bring pressure on defense workers not to strike by placing strikers in Classification 1A. General Hershey says that such action would be contrary to the intent of the law. "The Selective Service System is not in a position to use induction as a threat to force a man to do something or to restrain him from a course of action."

Federal Conciliation Service Active—Secretary of Labor announces that Conciliation Service in December disposed of 230 strikes, threatened strikes, lockouts and controversies, involving nearly 200,000 workers.

20 *Payment to Soldiers Tax Exempt*—New York State Tax Commission announces that employers may deduct from gross income for income tax purposes amounts they may pay to employees who enter military or naval service, with such deductions allowed as "ordinary and necessary business expense." However, the payments constitute taxable income to the recipients and must be reported under gross income for tax purposes under the personal income tax law.

21 *Wage Demands in Steel Industry*—Steel Workers Organizing Committee formally opens negotiations with United States Steel Corporation and Crucible Steel Company for contract renewals, including a demand for wage increases.

22 *Defense Work Interrupted by Closed-Shop Demand*—A plant of the Allis Chalmers Company, employing around 10,000 and engaged on national defense work, is closed by strike. Chief point at issue between management and union (U.A.W.-C.I.O.) reported to be the closed shop.

23 *Selective Service Act Constitutional*—Judge William Bondy in United States District Court (New York) rules that the Selective Service and Training Act of 1940 is constitutional in suit brought by five conscientious objectors who refused to register under the terms of the Act on October 16.

24 *Curb on Administrative Bodies Recommended*—Commission appointed two years ago by the President to investigate practices of administrative bodies recommends changes in present practices, particularly that judicial

(*Continued on page 27*)

A Glance at Labor Statistics

Average hourly earnings of all wage earners in 25 manufacturing industries increased from 74.7¢ in November to 75.2¢ in December, 1940. In December, 1939 the corresponding figure was 72.9¢.

Average weekly earnings of all wage earners rose from $29.73 in November to $30.21 in December, 1940. The figure for December, 1939 was $28.49.

Employment again rose sharply from an index of 105.6 in November to 108.0 in December, or 2.3%. This constitutes an increase of 11.3% in employment since December, 1939.

Average hours of work per week rose from 39.6 in November, to 40.1 in December, as compared with 39.1 in December, 1939.

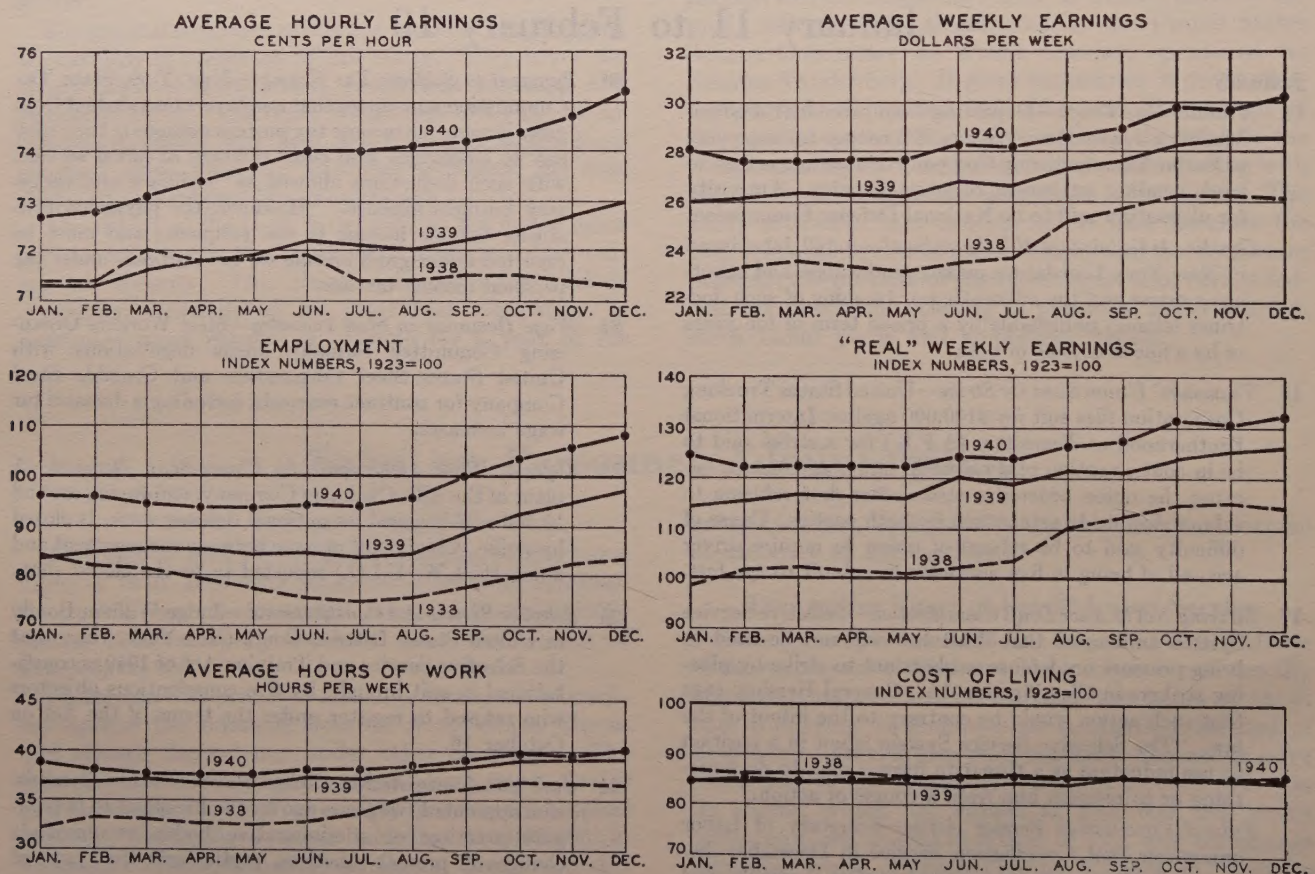
The cost of living rose slightly from 85.9 in December to 86.0 in January, 1941. In January, 1940, it was 84.6. The purchasing power of the dollar on the basis of the cost of living stood at $1.163 in January, 1941, as compared with $1.00 in 1923.

Real weekly wages, or the purchasing power of money wages, rose from 130.6 in November to 132.1 in December.

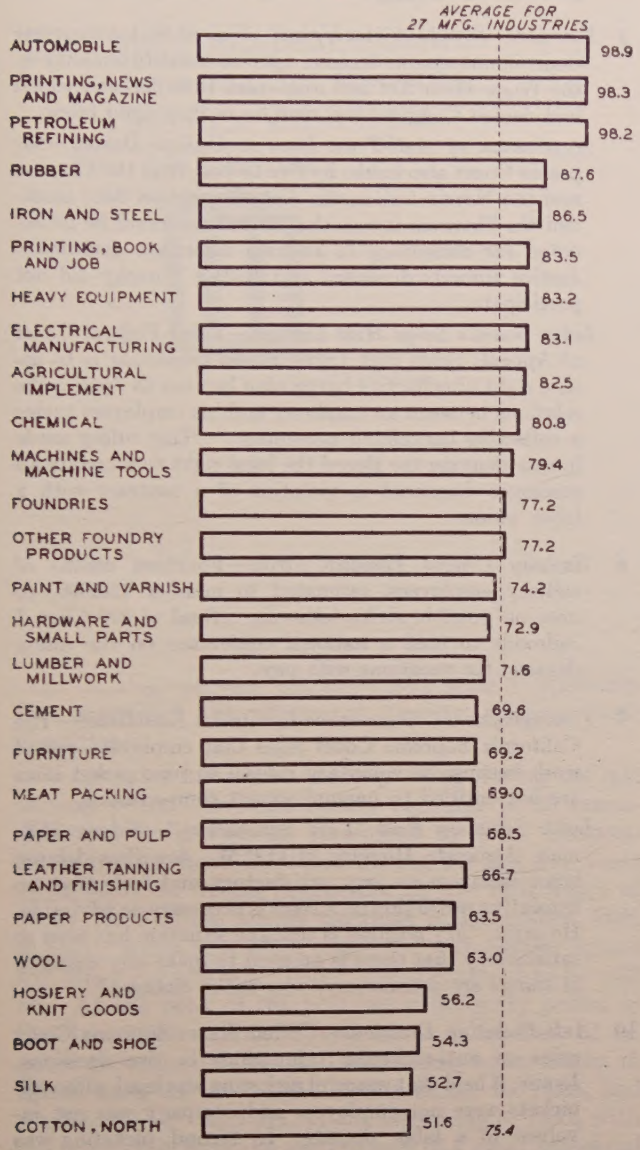
The number of unemployed persons in the United States, according to THE CONFERENCE BOARD'S estimates, decreased by 104,000 from November to December. The estimated total for December, 1940 was 6,961,000. The defense program continued to stimulate both production and employment in most manufacturing industries.

LABOR TRENDS IN 25 MANUFACTURING INDUSTRIES AND THE COST OF LIVING

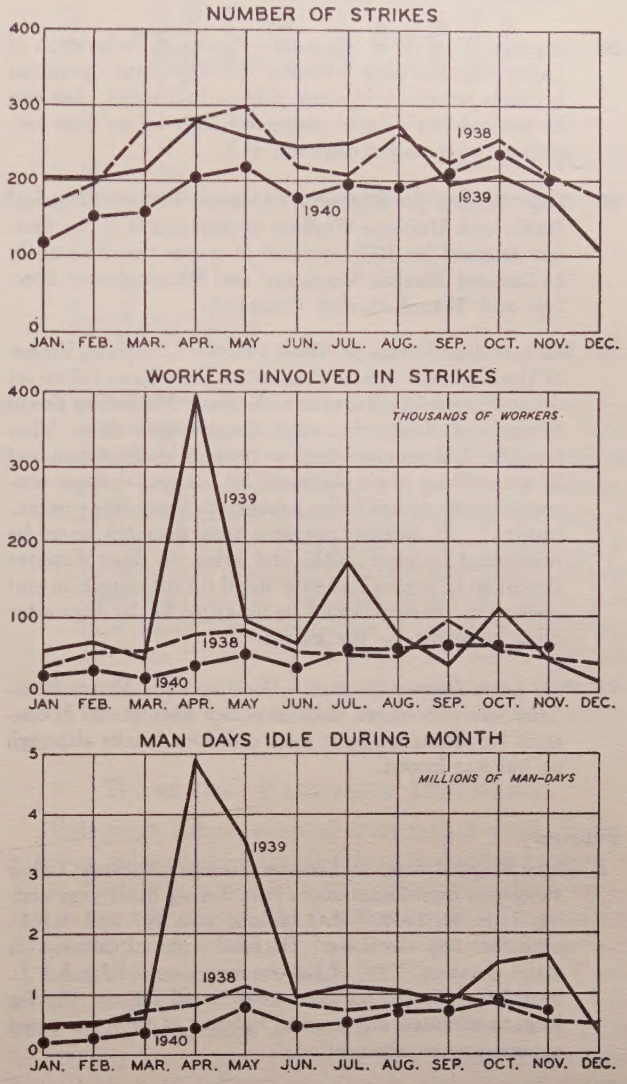
Source: THE CONFERENCE BOARD



AVERAGE HOURLY EARNINGS IN CENTS
27 MANUFACTURING INDUSTRIES, DECEMBER, 1940
Source: THE CONFERENCE BOARD



INDUSTRIAL DISPUTES
Source: United States Bureau of Labor Statistics



Chronology of Events (*Continued from page 25*)

January

24 and prosecutive functions of federal agencies be separated. Majority of committee, however, opposes judicial review of decisions of administrative bodies as was proposed in Logan–Walter Bill.

Non–Strike Agreement Signed—New Bedford, Massachusetts Cotton Manufacturers' Association and independent union employees numbering about 1,700 enter into agreement barring all strikes or lockouts for two years. Contract involves ten craft unions, provides that wage increases or decreases should follow those prevailing generally in the industry in New England.

25 *C.I.O. Orders Return to Work*—Labor difficulty at Bethlehem plant of Bethlehem Steel Corporation threatening to tie up large defense orders of the company is averted when Steel Workers Organizing Committee orders protesting employees to return to work.

Defense Councils Recommended—Philip Murray, C.I.O. President, proposes regional councils with equal repre-

January

sentation for labor, industry and government to seek maximum defense production.

26 *Staggered Work Plan Suggested*—American Federation of Labor suggests plan whereby if 7-day plant operation becomes necessary in some defense industries, plan can be worked out to give staggered days off so that employees work only 6 days out of 7.

27 *Wage Demand for Electrical Industry*—United Electrical Radio and Machine Workers of America (C.I.O.) present demand for 10% increase in wages simultaneously to General Electric Company and Westinghouse Electric and Manufacturing Company.

29 *Bill to Outlaw Strikes in Naval Plants*—Chairman Vinson of House Naval Affairs Committee introduces bill to set up mediation board similar to Railway Mediation Board to prevent delays in naval construction from labor trouble. Bill provides that no person "shall be required as a condition of employment by a naval defense contractor to be or not to be a member of any labor organization." It further provides that disputes must be negotiated in good faith, and after 20 days disputes should go to a naval defense board for investigation and mediation. Strikes would be unlawful for 30 days after filing of report by the Board.

30 *Ford Loses Defense Contract*—Because Ford Motor Company refuses to agree to labor policy stipulations in contract for motor trucks it loses order for trucks although its bid was lowest.

February

1 *Labor Board Announces Election Results*—National Labor Relations Board announces that during fiscal year ending June 30, 1940, C.I.O. unions won 407 and A.F.L. affiliates, 386 elections. Of total vote of 540,544 in 1,192 elections, 70% of ballots were marked for A.F.L. or C.I.O., 3% for national unaffiliated unions, 9% for local unaffiliated unions, and balance of 19% were cast against any representation.

2 *A.F.L. Enters Ford Picture*—In a statement interpreted as indicating A.F.L. effort to extend its organization in plants of the Ford Motor Company, William Green stresses satisfactory relations existing between company and A.F.L. unions in Lincoln and River Rouge plants.

3 *Fair Labor Standards Act Upheld*—United States Supreme Court in unanimous decision upholds constitutionality of the Wage–Hour Act and over-rules 1918 decision which had denied Congress the right to outlaw child labor.

Application of Anti-Trust Laws to Unions Denied—Supreme Court also holds, by five to two, that the Clayton and the Norris–LaGuardia Anti–Injunction Acts modified the Sherman law so that unionists cannot be prosecuted for conspiracy to restrain interstate commerce. Justice Roberts dissented and Justice Murphy did not participate.

Labor Board's Scope Held Limited—Third Federal Court of Appeals holds that Labor Board's function is to assure right of collective bargaining but not to "police the relations between an employer and his employees under a collective bargaining agreement." This ruling made in case denying the Board the legal right to reinstate an employee dismissed in violation of a contract with a labor union.

6 *Railway Unions Threaten Strike*—Fourteen unions of railway employees, estimated to number 750,000, to vote on possible strike following refusal of 200 Class I railroads to hold a national conference on the union demand for vacations with pay.

7 *Unemployment Compensation Limitation Established*—The California Supreme Court rules that employees out of work because of voluntary refusal to pass picket lines are not entitled to unemployment compensation.

Labor Situation Held "Very Satisfactory"—Sidney Hillman, Associate Director of O.P.M., describes defense labor situation as very satisfactory and feels that no legislative restriction on strikes is necessary or advisable. He says: "My position is that the situation has been so satisfactory that there is no need to make any changes. If things are satisfactory, why make changes?"

10 *Anti-Picketing Decisions*—United States Supreme Court rules on anti-picketing injunctions in two decisions. In one, it held that peaceful picketing was legal, although pickets were not employees and company was not involved in a labor dispute. In second, picketing was held to be illegal and injunction was upheld because the picketing was attended with violence.